

## **The Power of Ideologies as Seen in the Contemporary Capitalist Global System**

Ideas, stories, and ideologies are powerful constructs that have greatly contributed to the world we know and understand today. These ideas, at one point being no more than spoken word, have now become globally recognized and accepted beliefs. Globalization has allowed for the rapid and widespread dissemination of ideas, which has in turn played an enormous role in the development of ideas into the ideologies that society today accepts as universal truth. In this essay I will argue that ideas regarding the concepts of race, classical liberalism, and Keynesianism have been advanced into ideologies through globalization, and have consequently contributed to the evolution of the contemporary capitalist global system.

It is foremost essential to understand and recognize that the current ideologies that hold value in our society today began at one point as nothing more than stories. Before beginning to deconstruct these universal beliefs, it is imperative to understand what an ideology is at its very basis. In *Globalization: A Very Short Introduction*, Manfred Steger explains that “Ideologies are powerful systems of widely shared ideas and patterned beliefs that are accepted as truth by significant groups in society” (2020, p. 103). These systems hold great influence over societies and peoples, and are ultimately allowed to spread so powerfully due to globalization’s ability to disperse these ideas rapidly across cultures and areas. Understanding that ideologies originated as ideas is fundamental in recognizing that these universal beliefs are not facts, but rather powerful forces that have strong influences over societies.

Racism and its institutional prevalence, both historically and currently, is a governing example of the power that ideologies can hold. At its core, race began as an idea that was manufactured with the purpose of becoming an ideology. In *The History of the Idea of Race... And Why It Matters*, Audrey Smedley explains how white colonists in the 17th and 18th

centuries created the idea of race as an “otherness” to justify the condition of slavery. “Race originated as a folk idea and ideology about human differences; it was a social invention, not a product of science” (2007, p. 2). By inventing the condition of slavery, colonists justified themselves in taking advantage of the labor that they needed for their fields. They recognized that Africans were more knowledgeable about agriculture, and were also in an incredibly vulnerable position because they were unfamiliar with the territory and would therefore be unable to escape. Thus, the idea of race was created, and colonists pushed this idea to create laws that established unequal groups and allowed for racism to take hold. “As they were creating the institutional and behavioral aspects of slavery, the colonists were simultaneously structuring the ideological components of race” (p. 7). In creating the idea of race as an “otherness,” the ideology of racism has been perpetuated and imbued into social systems and institutions for centuries.

In addition to the creation and perpetuation of race, classical liberalism has also been a dominant ideology contributing to the contemporary global capitalist system. Adam Smith is widely considered to be the father of modern economics due to his ideas written in *The Wealth of Nations* and *The Theory of Moral Sentiments*. In *The Wealth of Nations*, originally published in 1776, Smith outlined his theories regarding the invisible hand, laissez-faire economics, divisions of labor, and the paradox of value, which all became foundational components in the study of economics. He argued that value and wealth “must in every nation be regulated by two different circumstances; first, by the skill, dexterity, and judgement with which its labour is generally applied; and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not so employed” (2006, p. 159). Product value, he believed, came from individuals relying on their strengths to produce goods, and this furthermore

reflected on the value and wealth of nations. Although he did not invent the idea of liberalism, his economic theories laid strong foundations for the progression of the ideology of classical liberalism. Smith's liberalism theories also heavily influenced the fundamental ideas of market globalism, which Steger argues is "without question the dominant ideology of our time" (2020, p. 106). Smith's theories, with the advancement of globalization, became central ideas in the study of modern economics today, as well as highly influential in the creation of economic policies and ideologies at the time.

Globalization not only aided in spreading Smith's ideologies of classical liberalism, but also allowed for others to build upon and contribute to his theories. John Maynard Keynes, a British economist and philosopher, had contrasting views toward capitalism. Although the two both supported capitalism, Keynes had differing ideas regarding the role of the state in the economy. John Cassidy, a journalist for *The New Yorker*, explains that Keynes pointed out that "market economies are subject to positive feedback," meaning that small shocks in the economy had strong tendencies to amplify and spiral, thus creating the danger of a potential recession (2009, p. 173). Keynes's proposed solution to this was for the state to intervene when necessary: if society was spending less, the state should spend more, and vice versa. This concept, Keynes argued, would help prevent economic recessions while also supporting capitalism and the creation of public goods. Smith, on the other hand, believed in minimal state intervention in the economy, as it should be allowed to function naturally on its own. Keynes's ideas regarding a certain degree of state intervention became known as Keynesianism—which at first was not widely accepted—but later became highly influential and shaped many economic policies in the 20th century. Cassidy says, "In switching the level of economic analysis from the individual to the economy as a whole, and in discrediting, at least for a time, some extremely misleading free

market doctrines, he made a major contribution not just to economics but to history” (2009, p. 174). Although Smith and Keynes had differing views on capitalism and the state’s role in the economy, their theories became foundational ideologies both to history and in the study of modern economics.

Keynes in particular played an instrumental role in the establishment of the Bretton Woods system in 1944, which was established to create a global currency exchange program. M. J. Stephey, a journalist for *TIME Magazine*, referred to Keynes as a “legendary British economist... who drafted much of the plan” (2008, p. 1). Much of the Bretton Woods plan was thanks to Keynes, whose ideas heavily influenced many aspects of the system. In *Global Capitalism: Its Fall and Rise in the Twentieth Century*, Jeffrey Frieden argues that “The liberalization of world trade was the first and probably most important achievement of the Bretton Woods system” (2006, p. 287). The system also “involved relatively free trade, stable currency values, and high levels of international investment.” The Bretton Woods system was enormously influential in the progress of the global capitalist system at the time, and the institutions created under it “defined the capitalist world economy in the twenty-five years after World War Two” (p. 260). Keynes’s influence and economic theories played a massive role not only in the creation of the Keynesian ideology, but also in defining and characterizing much of the global capitalist economy in the 20th century and onwards.

With the help of globalization, these ideologies concerning race, liberalism, and Keynesianism have advanced and spread across places and societies. It is, however, imperative to note the importance of understanding these ideologies as ideas rather than truths. In *The Theory of Moral Sentiments*, Adam Smith warns of the “corruption of our moral sentiments, which is occasioned by this disposition to admire the rich and the great, and to despise or neglect

persons of poor or mean condition” (2006, p. 86). Smith cautioned against the power and danger of accepting divisions of labor as unquestioned truth; he argued that this process of thinking would be morally corrupting. This dangerous way of thought is not only applicable to economic differences but also racial differences, as Smedley explains. She says, “Race is like a vise that constricts our spirits and damages our psyches” (2007, p. 8). Institutions, politics, and policies have been saturated with the ideology of race for centuries, and this has indubitably caused deep-rooted socio economic disparities among racial groups.

Ideologies are powerful; they influence economic policies, shape centuries’ worth of societal views, and pervade systems and institutions. Globalization’s ability to rapidly spread information stimulates a widespread understanding and acceptance of ideologies, which societies often come to view as universally accepted truths. Ideologies like race, classical liberalism, and Keynesianism were once no more than ideas, but through globalization have become advanced ideologies that are foundational in our current contemporary capitalist global system.

## References

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